



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF MUNICIPAL AUDIT**

**John G. Morgan**  
Comptroller of the Treasury

**SUITE 1600  
JAMES K. POLK STATE OFFICE BUILDING  
505 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243-0271  
PHONE (615) 401-7871  
FAX (615) 741-1551**

**Dennis F. Dycus, CPA, CFE, Director**  
Division of Municipal Audit

June 23, 2004

Honorable Mayor and Members of the  
Board of Commissioners  
Town of Benton  
P. O. Box J  
Benton, TN 37307-1010

Gentlemen:

We have completed our investigative audit of the Town of Benton, Traffic Court. Our examination focused on the period September 1, 2002, through August 31, 2003. However, when the examination warranted, this scope was expanded.

The former traffic court clerk collected fines for traffic citations, prepared receipts for those collections, prepared deposit slips for traffic court collections, and posted those collections into the town's accounting records. In several instances, it appears that the former traffic court clerk prepared receipts for less than the actual amount collected and diverted the difference for personal purposes. In another instance, it appears that the former traffic court clerk voided a receipt after the collection was made and diverted the collection for personal purposes. Available records indicated that at least \$529 was collected by the former traffic court clerk but not deposited into a municipal bank account.

This matter was referred to the local district attorney general. In April 2004, the Polk County Grand Jury indicted Ms. April Edwards, the former traffic court clerk, on the criminal charges of theft over \$500 and official misconduct.

In addition to the above, our examination detected the following weaknesses:

◆ **Inadequate separation of duties**

Because the former traffic court clerk prepared deposits, in addition to collecting fines, preparing receipts, and posting collections, she was able to prepare a receipt for less than the amount of a receipted check and remove the difference from the cash portion of the deposit.

The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 1, Chapter 2, Section 2, states:

Municipal officials should enforce division of duties to provide a system of checks and balances so that no one person has control over a complete transaction from beginning to end. Work flow should be established so that one employee's work is automatically verified by another employee working independently. . . .

Title 1, Chapter 2, Section 4, of the manual further states:

Municipal officials should ensure that automatic proof techniques are applied whenever possible. These techniques include the use of an employee without prior access to the records to . . . reconcile bank accounts . . . periodically test . . . daily balancing of cash receipts . . . open mail and prelist mail receipts . . . perform routine duties of other employees . . . for at least one vacation period per year.

◆ **Dismissal of traffic citations by former traffic court clerk**

We found several instances of traffic citations apparently dismissed by the former traffic court clerk. Section 55-10-204, *Tennessee Code Annotated*, states, "(a) Any person who cancels or solicits the cancellation of any traffic citation, in any manner other than as provided in this chapter, commits a Class C misdemeanor."

Honorable Mayor and Members of the  
Board of Commissioners  
Town of Benton  
June 23, 2004  
Page 3

◆ **Inadequate recordkeeping for traffic court collections**

Through the course of our audit, we found instances of inadequate maintenance of records in accounting for traffic citations. It appears that the former traffic court clerk failed to promptly post certain collections into the town's accounting records.

We acknowledge the efforts of municipal officials to improve the process when they became aware of this situation. We nonetheless request that the mayor and members of the board of commissioners review relevant policies and procedures to ensure that city officials implement controls to correct those identified weaknesses.

If you have any questions concerning this matter, please contact me.

Sincerely,

Dennis F. Dycus, CPA, CFE, Director  
Division of Municipal Audit